Tovey, P. *Balance sheets. How to read and understand them.* (London: Pitman. 1910. Pp. 77. 1s.)

Willis, H. P. *Accounting—theory and practice.* (Chicago: La Salle Extension University. 1910. $2.50.)

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Capital and Capitalistic Organizations

Corporation Finance. By Edward Sherwood Meade. (New York: D. Appleton and Company. 1910. Pp. xii, 468. $2.00.)

Two text-books on corporation finance appearing within a year, both written by university professors, serve to show the attention which is now being given to this phase of modern business organization in our colleges and universities. A decade ago courses on corporation finance seldom found a place in the college curriculum and not many professors could have been found who pretended to a knowledge of the subject. Possibly the increase in our knowledge in this field is due as much to the growing willingness of corporation managers to make public their financial methods as it is to our desire to learn the nature of corporation activities. At any rate it is doubtful whether a book like the one under review could have been written ten years ago by one who did not possess an "inside" knowledge of corporation affairs.

Professor Meade's title to write such a book has been earned by his previous work on *Trust Finance*, by his magazine articles and by his lectures in the Wharton School of the University of Pennsylvania and in the Harvard School of Business Administration. He has drawn freely from these sources in the preparation of the present work. Three of the chapters, those which deal with the sale of speculative securities and with the holding corporation are substantially reprints of certain chapters in *Trust Finance*, though some new material has been added to bring them up to date. The general style of the book is superior to that of the earlier work which was somewhat sensational in its mode of treatment. The present work is less diffuse and is sober in tone.

Professor Meade omits the usual discussion of the nature of the corporation and its legal standing and begins with the work of the promoter. He discusses in order the various methods of financing a corporation, the sale of the securities, the determination and

distribution of profits, the methods of securing capital for purposes of expansion and the instruments used, the modes of corporate consolidation and the problems arising out of corporation insolvency. There is little discussion of government regulation of corporations but the author points out that such regulation of public-service corporations as is found in New York and Massachusetts has not interfered with the efforts of companies to provide funds for development. On the contrary it has assisted such efforts, for the approval of new issues by the commissions has been regarded by investors as a guarantee of the securities.

On the ground that it is still a matter of controversy and that its discussion in a text-book would therefore be unprofitable, Professor Meade omits all discussion of the subject of over-capitalization. This hardly seems a sufficient reason for the omission. Nearly everything in economics is a subject of controversy and this is what lends interest to the study. The very fact that unsettled questions exist shows the need of establishing those general principles which shall point the way to a solution of the problems. As a plea that he is not evading the issue the author in a foot-note expresses his personal opinion that "the final solution of the problem will be found in a limitation of security issues, especially by public-service corporations, to the cash cost or fair value of property constructed or purchased." This "fair value" should be determined by "some disinterested public authority."

Some of the matter introduced in the various chapters seems out of place in a text-book and, indeed, has very little connection with the subject under discussion. Thus in the chapter on "Determination of Profits," there is a detailed description of the way in which the Pennsylvania Railroad undertakes to care for the maintenance of its property and this even includes a table which shows the kinds of ties used and the variations in their length, breadth and thickness which the company allows. In another chapter, excellent on the whole, which deals with "The Management of Corporate Income," there is a lengthy discussion of the problem as to whether it is better to send electric cars to the repair shops to be overhauled every year or every two years. Another illustration is the long explanation of the reasons which prompted the Pennsylvania Railroad to carry on its terminal improvements at New York, which is injected into the chapter on "The Provision of New Capital." On the other hand it must be said that there are several subjects which are usually not dis-

cussed in works on corporation finance which in this book for the first time receive adequate treatment; such, for example is the part played by construction companies in the financing of a corporation.

Not all readers will agree with the author that expenditures for betterments "should not be charged to capital," or in his opinion that depreciation charges should be deducted from corporate income only in years which show large earnings, or perhaps in his recommendations as to the best method of distributing the surplus, but these are all matters in which there is room for disagreement.

Erroneous statements are not numerous, but it is certainly wrong to say that "the first suit brought under the Sherman Antitrust Law to test the position of an industrial combination was in 1894 in the case of the United States v. E. C. Knight Sugar Refining Company." The whiskey trust had been made the defendant in several cases brought in the lower courts in 1892, and in one of these cases the same principle was laid down by Judge Jackson which later found expression in the Knight case. Neither is it correct to say that the decision in the Knight case "was regarded as furnishing complete protection to the industrial combination until 1902" when the Northern Securities case was decided. The position of the industrial combination was always more or less uncertain after the decision of the Supreme Court in 1899 in the Addyston Pipe case.

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Le Petit Commerce contre les Grands Magasins et les Coöpératives de Consommation. By Henry Vouters. (Paris: A Rousseau. 1910. Pp. 205.)

The author of this monograph says it is but a fragment of a great economic question, the problem of the middle classes. Following a discussion of the Marxian doctrine that the middle classes are doomed to extinction in which he shows that in France and Germany the theory is not borne out by the facts, Mr. Vouters makes a study of middle class policy; the *positive* policy leading to coöperation, the *negative* policy resulting in efforts to secure laws to check their rivals, the department stores. After reviewing the legislative experiments designed to check the department stores in Germany and France, the author concludes that all the